

Fraud Prevention Awareness for Managers State of Montana

I. Why People Commit Fraud

II. Profile of White Collar Criminal

III. Type of Frauds Found in Government

A. Bribery and Corruption

1. Commercial bribery
2. Illegal gratuity
3. Corruption
 - a) *Extortion*
 - b) *Conflict of Interest*
4. Methods of making illegal payments

B. Fictitious Disbursements

1. Check tampering schemes
2. Purchase schemes
3. Expense reimbursement fraud
4. Payroll fraud

C. Motive – Good or Bad

1. Budgeted funds must be used or funds returned
2. Budgets cut if funds not used

IV. Interesting Fraud Facts

A. Common fraud schemes

1. How often fraud schemes occur

B. Facts about fraud

V. What the Risk Managers Tell You to Watch For AND WHY!

A. Segregate duties

1. Definition
2. Example
3. Cases

B. Rotate job responsibilities

1. Definition

2. Example
3. Case

C. Watch for lifestyle symptoms

1. Definition
2. When people steal, they spend
3. Cases

D. Observe physical safeguards in place

1. Definition
2. Example
3. Cases

E. Perform independent checks

1. Definition
2. Example
3. Cases

F. Review authorization

1. Definition
2. Example
3. Cases

G. Watch for override of existing controls

1. Definition
2. Example
3. Cases

H. Beware of inadequate accounting system

1. Definition
2. Example
3. Cases